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'Govt needs to be more transparent'

ECRL PROJECT COST VARIATIONS

'GOVT NEEDS TO BE MORE TRANSPARENT'

Controversy surrounding project probably due to poor communication, says analyst

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THE controversy surrounding the construction cost of the East Coast Rail Link (ECRL) mega project was likely due to poor communication between the parties concerned, said industry specialists.

They said the government should be more transparent with the reasons behind the cost variations of the three iterations of the ECRL project.

"If ECRL 3.0 costs less than ECRL 1.0, the government should have stated that the overall costs had been reduced. If the government wishes to highlight on actual savings, it should compare apple to apple on specific items," transportation expert and consultant Y.S. Chan told the *New*

Straits Times.

Citing the Mass Rapid Transit project as an example, he said its costs could have been reduced if less grandiose stations were built, leading to lower overall costs.

But if the same grandiose stations were built but at a lower cost, then that was savings, he added.

The ECRL project has been criticised relentlessly by many quarters since construction kicked off about five years ago.

Speaking after clocking in at the ministry in Putrajaya on Dec 6, Transport Minister Anthony Loke had reaffirmed that the massive rail project would continue.

Prime Minister Datuk Seri Anwar Ibrahim the announced on Dec 21 last year the project (ECRL 3.0) would continue but with a RM11.01 billion cost reduction



The latest estimated cost for the East Coast Rail Link project is RM74.96 billion, or a reduction of around RM11 billion over the initial cost of RM85.97 billion first approved in 2016. PIC BY FARIZ ISWADI ISMAIL

compared to the RM85.97 billion total cost for ECRL 1.0 approved in 2016.

However, the new total cost of RM74.96 billion was higher than the RM50.27 billion quoted for ECRL 2.0 by then transport minister Datuk Seri Dr Wee Ka Siong in 2021 following changes to the project's alignment.

Subsequently, Loke explained that the ECRL 3.0's total development cost savings of RM11.01 billion were the results of two negotiations carried out since 2018.

He said ECRL 3.0's RM74.96 billion consisted of construction costs of RM50.27 billion and other costs, including interest during construction and land acqui-

sition costs, amounting to RM24.69 billion.

On the lower costs of ECRL 2.0, Chan it was possible that many facilities had been dropped that could compromise the efficiency or quality of the project.

"If that was the case, then the cost of ECRL 3.0 should be compared to that of ECRL 1.0, not ECRL 2.0," he added.

Sunway University Business School's Prof Yeah Kim Leng said the total cost of ECRL 3.0 should be compared with the earlier two versions under the previous administrations.

"The reasons for the variations should be explained in the interest of transparency, integrity

and accountability," he added.

Yeah said the estimated RM15 billion gap between ECRL 2.0 and ECRL 3.0 could be due to the rise in material costs, interest payments and number of stations and tunnels in the new alignment.

The inclusion of an independent power producer in ECRL 3.0 would have raised the overall costs as well, he added.

On the RM1.1 billion compensation and cancellation charge for changes made to the project, Yeah said this was likely to involve realignments, delays, design variations and other pecuniary changes to the agreement signed with the joint-venture company.